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Local Authorities Pension Board

ANNUAL REPORT 1981·82

Alberta

ISSN 0381-4807

TWENTIETH ANNUAL REPORT

of the proceedings of the

LOCAL AUTHORITIES PENSION BOARD

pursuant to

THE LOCAL AUTHORITIES PENSION ACT

for the year ended
March 31, 1982

Alberta
TREASURY

Office of the Provincial Treasurer

To the Honourable FRANK C. LYNCH-STAUNTON
Lieutenant Governor of the Province of Alberta

MAY IT PLEASE YOUR HONOUR:

I have the honour to submit the Annual Report of the proceedings of the Local Authorities Pension Board, pursuant to *The Local Authorities Pension Act,* for the fiscal year ended March 31, 1982.

Lou Hyndman
MINISTER FOR PENSIONS

Room 323, Legislature Building, Edmonton, Alberta, Canada T5K 2B6 Phone 403/427-8809

Alberta
LOCAL AUTHORITIES
PENSION BOARD

Office of the Chairman

Room 570, Terrace Building, 9515 - 107 Street, Edmonton, Alberta, Canada T5K 2C3 403/427-7105

The Honourable L.D. Hyndman
Provincial Treasurer
Minister for Pensions
Government of the Province of Alberta
Edmonton, Alberta.

Sir:

In accordance with *Section 22 of The Regulations* made under *The Local Authorities Pension Act,* I have the privilege of submitting to you the Annual Report of the Local Authorities Pension Board, for the fiscal year ended March 31, 1982.

The receipts under the Local Authorities Pension Plan as compared with the payments continue to be positive. During 1981/82, receipts exceeded payments by some 47.6 million dollars. This amount was transferred to the Pension Fund established under the Pension Fund Act of 1980. Receipts in excess of expenditure are transferred each month into the Pension Fund. The Pension Fund was developed to meet future liabilities of the plan.

We wish to acknowledge the assistance of Payroll and Pensions Division of Alberta Treasury in providing the statistical and financial information for this report.

Respectfully sumbitted,

J.E. Faries
CHAIRMAN OF THE BOARD

TABLE OF CONTENTS

	Page
Local Authorities Pension Board	iii
Report on the Activities of the Board	1
Summary – Participation	2
Contributions	2
Withdrawals	2
Retirements and Benefits	3
New Local Authorities	5
Retirements in 1981-82	7
Survivor Benefits	7
Refunds	8
Reciprocal Agreement Transfers	8
Transfers by Book Entry	9
Dollar Value of Pensions	9
Pension Adjustment Regulations	10
Reciprocal Transfer Agreements in Effect	11
Comparative Statistics	12
Summary of Revenue and Expenditure Transactions	13
Note to Summary of Transactions	14

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LOCAL AUTHORITIES PENSION BOARD

BOARD CHAIRMAN

J. E. Faries
Chairman
Government Pension Boards

MEMBERS

A. F. Womack, C.A.
Commissioner of Finance
City of Calgary
Representative
Alberta Urban Municipalities Association

H. J. Elliott
Associate Executive Director
Alberta Hospital Association

K. R. Balkwill
Business Agent, Local 30
Canadian Union of Public Employees

B. A. Orieux, R.N., B.Sc.N.
Representative
Alberta Association of Registered Nurses

W. Kruschell
International Association of Firefighters

LOCAL AUTHORITIES PENSION ACT

REPORT ON THE ACTIVITIES OF THE BOARD AND THE OPERATION OF THE ACT

The Local Authorities Pension Board met a total of 11 times during the fiscal year April 1, 1981 to March 31, 1982.

The following issues were dealt with by the Board at its meetings during the year:

1. Classification of non-cash remuneration (automobile) for pension purposes;
2. Simultaneous coverage under two pension plans;
3. Co-ordination of Canada Pension and Old Age Security with Joint Life pensions;
4. Calculation of prior service contributions in the absence of salary records;
5. Recognition of Transit Drivers' training period as pensionable service;
6. Transfer of Charles Camsell Hospital to the Local Authorities Pension Plan;
7. Inclusion of 'Long Service' pay in the definition of 'salary';
8. Transfer of ACCESS employees from Local Authorities to the Public Service Pension Plan;
9. Establishing guidelines for the enrolment of part-time, seasonal/sessional employees in the Local Authorities Pension Plan.

In addition, the Board dealt with the applications from new local authorities for participation in the plan, approval of L.T.D.I. plans and reciprocal transfer agreements with other pension authorities.

The Board also considered and ruled on 128 individual cases involving such matters as disability retirements, prior service, leave of absence, pensionable re-employment, payment of commuted value of pension, and transfer of contributions under reciprocal agreements with other pension authorities.

On behalf of the Board, the Chairman's office issued Pension Bulletins clarifying the position regarding accumulation of pensionable service by employees while in receipt of L.T.D.I. benefits.

Four issues of the Pension newsletter POSTSCRIPT were published and distributed during the year to all retired Alberta public employees free of charge. Its circulation is approximately 13,000. This publication keeps pensioners up to date on pension developments in the province and, to a limited degree, provides a forum for pensioners' concerns and views.

A pension seminar organized by Pension Boards Secretariat was held on October 29, 1981 at Westridge Park, Devon. Board members of all Alberta pension boards, including invited representatives from Alberta Government Telephones and Teachers Retirement Fund,

attended the seminar and contributed to the discussions on various aspects of pension policy. The Honourable Lou Hyndman delivered the keynote address.

On behalf of the Local Authorities Pension Board, the Pension Boards Secretariat presented 78 seminars for the employees and employer representatives participating in the Local Authorities Pension Plan.

The average age of the retirees under the pension plan during the year was 63 years and 2 months up from approximately 63 years in 1980-81.

PARTICIPATION

During the year April 1, 1981 to March 31, 1982, ten applications were accepted from local authorities to bring their employees or certain occupational classes of employees under the Local Authorities Pension Act.

As of March 31, 1982, there were accounts for *453 participating local authorities with a total membership of 63,590.

CONTRIBUTIONS

Employee contributions amounting to $41,037,693.95 and employer contributions totalling $59,593,794.84 were received during the year and deposited in the General Revenue Fund of the Province and subsequently transferred to the Pension Fund as per Sec.5(2) of the Pension Fund Act.

WITHDRAWALS

Withdrawals during the year totalled $10,366,778.57 and included refunds of contributions and interest to terminated employees, transfers under reciprocal agreements to other pension authorities, transfers to retirement savings plans and refunds of excess employee and employer contributions.

**Not including local authorities which merged with other local authorities or withdrew from the plan.*

RETIREMENTS AND BENEFITS

Six hundred fifty-seven retirement pensions were granted during the year inclusive of 43 deferred pensions which commenced in the fiscal period. Of these, 229 pensions were co-ordinated with Canada Pension and/or Old Age Security.

There was a significant increase in early retirements (reduced pension) over comparative periods extending back to the 1977/78 fiscal year. Trend in disability retirements shows a reduction due to the introduction and approval of Long Term Disability Income Protection programs by the various local authorities.

Fifty-one Spousal Pensions were granted to spouses of employees who had died while in service. Twenty-one of these pensions were co-ordinated with Old Age Security.

As of March 31, 1982, there were 6,587 pensions* being paid to pensioners, surviving spouses, and other beneficiaries of deceased pensioners or employees. Of these, 2,825 pensions were co-ordinated with Canada Pension and/or Old Age Security.

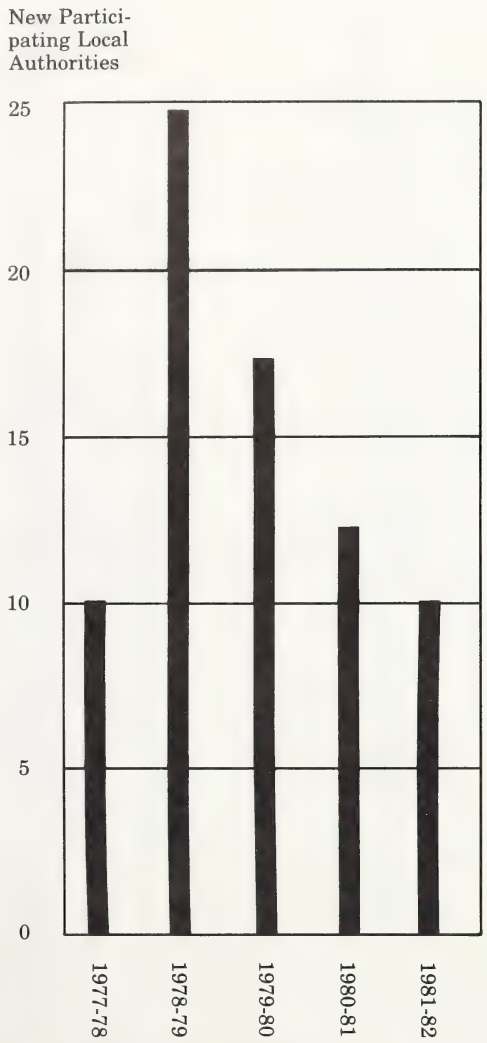
One hundred thirty-nine pensioners** died during the year. Fifty-six of these pensions expired while the remaining 83 pensions were transferred or were being transferred at March 1982 to the spouses and other beneficiaries of the deceased pensioners.

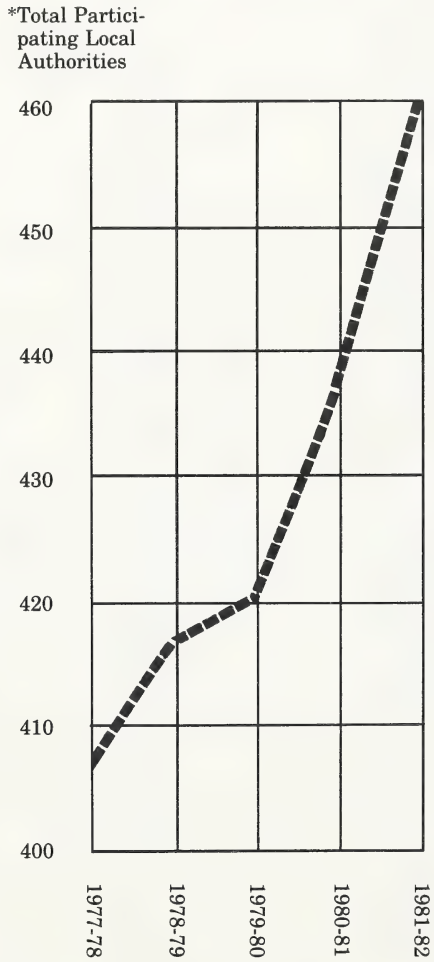
**Excluding 181 pension advances, equalling 90% of Normal pension, being paid to retirees pending receipt of choice of pension options.*

***Excluding nominees under Joint Life options and beneficiaries in receipt of Guaranteed Term pensions of deceased pensioners.*

PARTICIPATION

(5-Year Growth Pattern)





Excluding local authorities which merged with other local authorities.

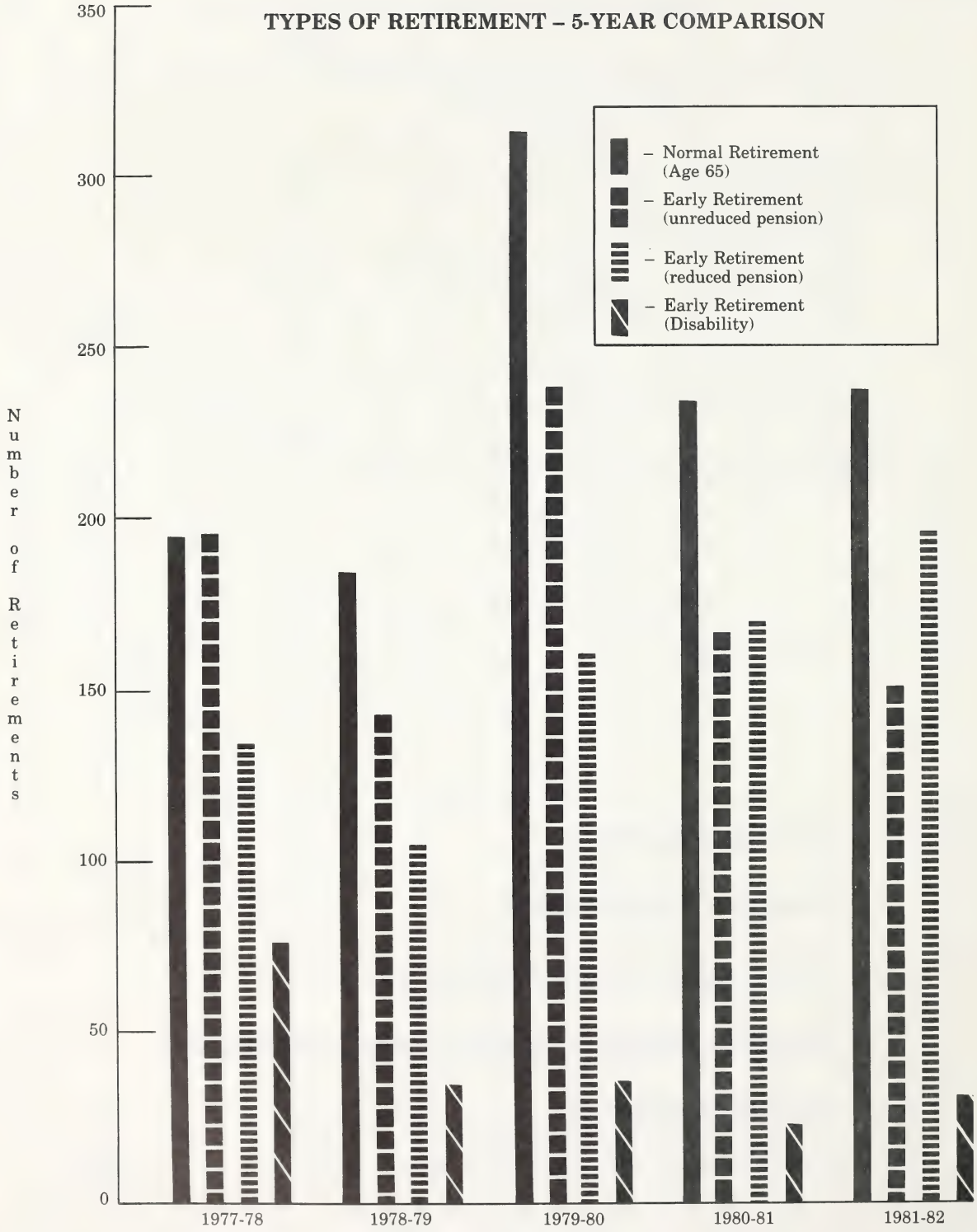
NEW LOCAL AUTHORITIES

The following local authorities were brought under the provisions of *The Local Authorities Pension Act,* during the fiscal year 1981-82:

Village of Carmangay
Chinook Foundation
Town of Coronation
Edmonton Ambulance Authority
Edmonton Research and Development Park Authority
Flagstaff Family and Community Services Board
Our Lady of the Lake Nursing Home
The Pass Foundation
Porcupine Hills Family and Community Support Services
Red Deer Day Care Management Board

Total number of local authorities participating in the pension plan 453*

**Excluding local authorities which merged with other local authorities or withdrew from the plan.*


TYPES OF RETIREMENT – 5-YEAR COMPARISON
– Normal Retirement (Age 65)
– Early Retirement (unreduced pension)
– Early Retirement (reduced pension)
– Early Retirement (Disability)
Number of Retirements
350
300
250
200
150
100
50
0
1977-78
1978-79
1979-80
1980-81
1981-82

RETIREMENTS

Retired employees, who were granted pensions in the fiscal year 1981-82, took Normal or Early retirement, as follows:

Normal retirement at age 65 ..... *(Section 11(1) of the Regulations)*	237
Early retirement after age 55 (unreduced pension) ..... *(Section 11(2) of the Regulations)*	151
(Co-ordinated with C.P./O.A.S. – 98)	
Early retirement after age 55 (reduced pension) ..... *(Section 11(3) of the Regulations)*	195
(Co-ordinated with C.P./O.A.S. – 105)	
Retirement due to disability ..... *(Section 11(3) (b) of the Regulations)*	31
(Co-ordinated with O.A.S. only – 12)	
Total Disability retirements (unreduced pension) – 24	
Partial Disability retirements (reduced pension) – 7	
TOTAL RETIREMENTS DURING THE YEAR	614
Deferred pensions commenced during the year ..... (Co-ordinated with C.P./O.A.S. – 14)	43

SURVIVOR BENEFITS

The following Spousal Pensions were granted during the year to the surviving spouses of employees who had died while still in service:

Spousal Pension – Single Life	15
Spousal Pension – Guaranteed Term 5 years	4
Spousal Pension – Guaranteed Term 10 years	11
Spousal Pension – Guaranteed Term 15 years	5
Spousal Pension – Guaranteed Term 20 years	16
Total number of Spousal Pensions granted during the year:	51

Lump sums paid to beneficiaries of deceased employees: $419,710.24

REFUNDS

Refunds of contributions and interest to employees leaving the service. ..... *(Section 8(1)(a) of the Act)*	$ 8,374,293.21
Refunds of excess employee and employer contributions.	$ 637,637.69
Refunds by transfer to other registered pension or retirement savings plans without reciprocal agreements	$ 1,172.663.38
	$10,184,594.28

RECIPROCAL AGREEMENT TRANSFERS

Transfers to and from other pension plans, during the year, under the terms of reciprocal agreements:

Pension Plan	Transfers To		Transfers From	
	Number	Amount	Number	Amount
Alberta Government Telephones	6	$ 17,188.20	5	$ 13,856.82
Alberta Teachers' Retirement Fund	5	35,693.43	18	211,351.48
Minister of Finance, New Brunswick	1	12,213.98	–	–
Government of Canada, Treasury Board	17	42,661.01	46	1,644,961.25
Ontario Municipal Employees Retirement System	9	50,416.73	19	258,464.20
Manitoba Civil Service Superannuation Plan	–	–	8	77,328.54
Saskatchewan Municipal Employees Superannuation Commission	2	13,621.74	–	–
Saskatchewan Health Care Association	2	10,389.20	11	75,411.39
University of Manitoba	–	–	2	19,554.36
Totals	42	$182,184.29	109	$2,300,928.04

TRANSFERS BY BOOK ENTRY

The following transfers of pension contributions and interest were made, during the year, between the Local Authorities Pension Plan and other Alberta pension plans by book entry:

PENSION PLAN	TRANSFER FROM L.A.P. PLAN	TRANSFER TO L.A.P. PLAN
Public Service Pension Plan	$ 808,151.71	$ 810,441.03
P.S. Management Pension Plan	223,974.10	205,155.44
Special Forces Pension Plan	2,016,410.83	42,259.69
Universities Academic Pension Plan	129,123.34	26,200.05
TOTALS	$ 3,177,659.98	$ 1,084,056.21

DOLLAR VALUE OF PENSIONS

Monthly dollar value of pensions paid at March 31, 1982:

Dollar Value per month	Number of Pensions
$ 0 to 499	3,753
500 to 999	1,762
1,000 to 1,499	710
1,500 to 1,999	271
2,000 to 2,499	65
2,500 to 2,999	20
3,000 to 3,499	3
3,500 to 3,999	2
4,000 to 4,999	1
TOTAL NUMBER OF PENSIONS	6,587

The lowest pension paid at March 1982 was $22.00 per month and the highest was $4,206.00 per month. The average dollar value of all pensions in force at March 1982 was $569.00 per month.

PENSION ADJUSTMENT REGULATIONS

To provide an adjustment to pensions granted under the Act for the purpose of maintaining approximate parity with cost of living, *Section 4* of *The Local Authorities Pension Adjustment Regulations,* being Alberta Regulation 304/69, as amended, was further amended to authorize following increases to pensions effective January 1, 1982:

(a) pensions granted on or before January 1, 1981, were increased by 10.00%;

(b) pensions granted after January 1, 1981, but on or before February 1, 1981, were increased by 9.17%;

(c) pensions granted after February 1, 1981, but on or before March 1, 1981, were increased by 8.33%;

(d) pensions granted after March 1, 1981, but on or before April 1, 1981, were increased by 7.50%;

(e) pensions granted after April 1, 1981, but on or before May 1, 1981, were increased by 6.67%;

(f) pensions granted after May 1, 1981, but on or before June 1, 1981, were increased by 5.83%;

(g) pensions granted after June 1, 1981, but on or before July 1, 1981, were increased by 5.00%;

(h) pensions granted after July 1, 1981, but on or before August 1, 1981, were increased by 4.17%;

(i) pensions granted after August 1, 1981, but on or before September 1, 1981, were increased by 3.33%;

(j) pensions granted after September 1, 1981, but on or before October 1, 1981, were increased by 2.50%;

(k) pensions granted after October 1, 1981, but on or before November 1, 1981, were increased by 1.67%;

(l) pensions granted after November 1, 1981, but on or before December 1, 1981, were increased by 0.83%;

(Alberta Regulation 20/82)

RECIPROCAL TRANSFER AGREEMENTS

For the purpose of transferring pension credits on a reciprocal basis, the Local Authorities Pension Board had reciprocal agreements with the following pension authorities, as at March 31, 1982:

IN ALBERTA

Alberta Government Telephones Pension Board
Board of Administrators, Teachers' Retirement Fund
Public Service Management Pension Board
Public Service Pension Board
Special Forces Pension Board
Universities Academic Pension Board

OUTSIDE ALBERTA

Government of Canada, Treasury Board) covering Federal
Government of Manitoba) and Provincial
Minister of Finance, Govt. of New Brunswick) Government
Government of Prince Edward Island) employees
Board of Governors, Dalhousie University
Board of Governors, University of Manitoba
Board of Governors, University of Regina
Board of Governors, Ontario Colleges of Applied Arts and Technology
Ontario Municipal Employees Retirement Board
Ontario Teachers Superannuation Commission
Health Sciences Centre of Manitoba
Manitoba Municipal Employees Benefits Board
Regina Civic Employees Superannuation and Benefits Plan
Central Mortgage and Housing Corporation
Saint Paul University
Crown Investments Corporation of Saskatchewan
Saskatchewan Health Care Association
Saskatchewan Municipal Employees Superannuation Commission
Saskatchewan Power Corporation Superannuation Board
Saskatchewan Teachers Superannuation Board

COMPARATIVE STATEMENT

APRIL 1, 1962 TO MARCH 31, 1982

FISCAL YEAR	RECEIPTS			PAYMENTS			EXCESS OF RECEIPTS OVER PAYMENTS
	Employee Contributions	Employer Contributions	TOTAL Receipts	Benefits	Withdrawals	TOTAL Payments	
1962/63	$ 174,507.11	$ 178,663.26	$ 353,170.37	$ —	$ 961.10	$ 961.10	$ 352,209.27
1963/64	1,560,584.72	832,983.49	2,393,568.21	23,498.01	103,352.80	126,850.81	2,266,717.40
1964/65	1,122,688.13	1,019,525.40	2,142,213.53	62,912.24	296,708.99	359,621.23	1,782,592.30
1965/66	1,464,908.76	1,457,700.38	*3,145,811.03	169,735.92	340,915.04	510,650.96	2,635,160.07
1966/67	1,356,987.19	1,256,427.16	2,613,414.35	237,545.94	423,096.34	660,642.28	1,952,772.07
1967/68	3,516,225.44	3,723,824.18	14,497,186.09	527,389.98	442,065.73	969,455.71	13,527,730.38
1968/69	3,774,851.09	3,769,403.96	11,063,656.92	900,802.38	683,855.01	1,584,657.39	9,478,999.53
1969/70	4,505,741.65	4,528,500.75	13,034,242.40	1,278,237.52	926,805.60	2,205,043.12	10,829,199.28
1970/71	4,657,836.11	5,041,514.85	10,742,712.60	1,810,669.80	794,285.51	2,604,955.31	8,137,757.29
1971/72	6,484,431.93	6,359,577.03	12,844,008.96	2,397,782.28	905,907.13	3,303,689.41	9,540,319.55
1972/73	9,034,268.62	8,797,785.90	17,832,054.52	3,377,457.89	1,240,862.43	4,618,320.32	13,213,734.20
1973/74	8,745,388.22	9,864,365.32	18,609,753.54	4,522,760.40	1,554,587.44	6,077,347.84	12,532,405.70
1974/75	67,695,978.83	13,705,967.17	81,401,946.00	7,558,688.99	2,895,451.51	10,454,140.50	70,947,805.50
1975/76	27,141,374.26	20,472,082.22	47,613,456.48	10,973,525.06	3,155,538.20	14,129,063.26	33,484,393.22
1976/77	20,845,254.71	23,199,072.54	44,044,327.25	14,588,806.54	4,123,235.27	18,712,041.81	25,332,285.44
1977/78	23,898,620.21	26,973,821.10	50,872,441.31	18,628,278.13	4,382,344.26	23,010,622.39	27,861,818.92
1978/79	30,682,950.75	34,647,684.77	65,330,635.52	23,274,919.61	6,158,115.57	29,433,035.18	35,897,600.34
1979/80	32,883,200.44	37,174,935.85	70,058,136.29	28,452,544.08	6,940,712.72	35,393,256.80	34,664,879.49
1980/81	39,807,565.00	39,984,190.00	79,791,755.00	35,149,492.00	7,292,072.00	42,441,564.00	37,350,191.00
1981/82	41,037,693.95	59,593,794.84	100,631,488.79	42,653,651.66	10,366,778.57	53,020,430.23	47,611,058.56
TOTALS	$330,391,057.12	$302,581,820.17	*$649,015,979.16	$196,588,698.43	$53,027,651.22	$249,616,349.65	$399,399,629.51

Note: Benefits include pensions and payments to retired employees and to beneficiaries of the deceased employees. Withdrawals include refunds of contributions and interest to terminated employees, transfers to other registered pension or retirement savings plans and refunds of excess contributions. Employee contributions and 'Excess of Receipts over Payments' do not include interest.

**Includes transfer of $223,201.89 from other pension authorities in respect of retired employees.*

LOCAL AUTHORITIES PENSION ACT

SUMMARY OF REVENUE AND EXPENDITURE TRANSACTIONS

for the year ended 31-MAR-82

REVENUE

	1981-82	1980-81
Contributions:		
Employees	$ 41,037,693.95	$ 39,807,565.00
Employers	59,593,794.84	39,984,190.00
	$100,631,488.79	$ 79,791,755.00

EXPENDITURE

Benefits:		
Pensions and annuities	42,233,941.42	34,695,971.00
Payment to beneficiaries	419,710.24	453,054.00
Lump sum benefits	–	467.00
	$ 42,653,651.66	$ 35,149,492.00
Withdrawals:		
Contributions and interest in respect of employees leaving the service	8,374,293.21	6,216,724.00
Contributions and interest in respect of employees transferred to other pension authorities without reciprocal agreements	1,172,663.38	702,951.00
Contributions and interest in respect of employees transferred to other pension authorities with reciprocal agreements	182,184.29	190,673.00
Refund of excess contributions	637,637.69	181,724.00
	10,366,778.57	7,292,072.00
	$ 53,020,430.23	$ 42,441,564.00
Excess of revenue over expenditure for the year:	$ 47,611,058.56	$37,350,191.00

LOCAL AUTHORITIES PENSION ACT

NOTE TO THE SUMMARY OF REVENUE AND EXPENDITURE TRANSACTIONS

31-MAR-82

Transfers

The following contributions and interest were transferred by book entry and are not reflected in the summary of transactions:

Transfers to:	
Public Service Pension Act	$ 808,151.71
Public Service Management Pension Act	223,974.10
Universities Academic Pension Act	129,123.34
Special Forces Pension Act	2,016,410.83
	$3,177,659.98
Transfers from:	
Public Service Pension Act	$ 810,441.03
Public Service Management Pension Act	205,155.44
Universities Academic Pension Act	26,200.05
Special Forces Pension Act	42,259.69
	$1,084,056.21